

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORY TO UNITED STATES POSTAL SERVICE
WITNESS WILLIAM P. TAYMAN
(OCA/USPS-T9-39)
September 16, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



KENNETH E. RICHARDSON

Attorney

OCA/USPS-T9-39. In your response to OCA/USPS-T9-37 you stated that the Postal Service believes no adjustments are necessary to reflect the unexpectedly high FY 1997 earnings of the Postal Service and that, "updating could result in a revenue requirement that is inconsistent with management's goals and objectives and infringes upon management's prerogative to determine financial policy." You further state that, "If updating is considered...it must not be done selectively."

- a. Please state how updating the filing to reflect actual earnings for FY 1997 could result in a revenue requirement that is inconsistent with management's goals and objectives?
- b. What goals and objectives of management are inconsistent with the utilization of actual numbers to establish the appropriate revenue requirement of the Postal Service?
- c. Please state how recognition of the actual FY 1997 earnings would infringe upon management's prerogative to determine financial policy? Does it mean that it is management's prerogative to use earnings in excess of its own recent estimates in a way which is totally disregarded in determining the future revenue needed to meet the costs of the Postal Service?
- d. Are there any other currently known changes in the costs or revenue estimates of a magnitude similar to the approximately \$40 million adjustment to the amount for the recovery for past year losses resulting from FY 1997 experience?
- e. If the PRC were to determine that updating should be considered, what updates would you recommend so that the updating would not be done selectively?

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

A handwritten signature in black ink, appearing to read "Kenneth E. Richardson". The signature is written in a cursive, flowing style.

KENNETH E. RICHARDSON
Attorney

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